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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

**DOCKETED**

AUG 26 1998

DOCKETED BY

*cm*

JIM IRVIN  
Commissioner-Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

In the matter of

BUCKHORN FINANCIAL SERVICES, INC., a  
Nevada corporation  
2533 North Carson Street, Suite 3185  
Carson City, NV 89706

d/b/a BUCKHORN FINANCIAL SERVICES OF  
ARIZONA  
11811 N. Tatum Blvd., Suite 3031  
Phoenix, AZ 85088

JOSEPH K. HILYARD  
20423 Prince Creek  
Katy, TX 77450

MICHAEL LEE MATHIS  
3 1/2 miles North San Benito  
on Watson Road  
San Benito, TX

SAFE KEEPING, INC., a Nevada Corporation  
2533 North Carson Street, Suite 3185  
Carson City, NV 89706

d/b/a SAFE KEEPING DEPOSITORY, INC.  
11811 N. Tatum Blvd., Suite 3031-61  
Phoenix, AZ 85088

STEVEN L. SHOOK  
9590 East Kalil  
Scottsdale, AZ 85260.

RESPONDENTS.

DOCKET NO. S-3233A-98-0000

DECISION NO. 61081

**ORDER TO CEASE & DESIST  
AND FOR OTHER RELIEF  
AND CONSENT TO SAME**

**RE: BUCKHORN FINANCIAL  
SERVICES, INC.;  
JOSEPH K. HILYARD;  
MICHAEL LEE MATHIS**

I.

Respondents BUCKHORN FINANCIAL SERVICES, INC., JOSEPH K. HILYARD,  
MICHAEL LEE MATHIS (collectively the "BUCKHORN RESPONDENTS"); and  
RESPONDENTS SAFE KEEPING, INC. individually and d/b/a SAFE KEEPING DEPOSITORY.

1 INC., and STEVEN L. SHOOK ("the SHOOK RESPONDENTS") may be collectively referred to  
2 as "RESPONDENTS." The BUCKHORN RESPONDENTS elect to permanently waive their rights  
3 to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona ("the Act") with  
4 respect to this Order to Cease and Desist ("Order"); admit the jurisdiction of the Arizona Corporation  
5 Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law  
6 contained in this Order; and consent to entry of this Order by the Commission.

7 **II.**

8 **FINDINGS OF FACT**

9 1. BUCKHORN FINANCIAL SERVICES, INC. is a Nevada corporation  
10 ("BUCKHORN") whose last known business address is 2533 North Carson Street, #3185,  
11 Carson City, Nevada 89706.

12 2. BUCKHORN FINANCIAL SERVICES OF ARIZONA is an unincorporated  
13 association, ("BUCKHORN ARIZONA") whose last known business address is 11811 North  
14 Tatum Boulevard #3031, Phoenix, Arizona 85088, owned and operated by Steven L. Shook.

15 3. JOSEPH K. HILYARD ("HILYARD"), whose last known address is 20423  
16 Prince Creek, Katy, TX 77450, is a principal of BUCKHORN, but not of BUCKHORN  
17 ARIZONA.

18 4. MICHAEL LEE MATHIS ("MATHIS"), whose last known address is 3½ miles  
19 North San Benito on Watson Road, San Benito, TX, is a principal of BUCKHORN, but not of  
20 BUCKHORN ARIZONA.

21 5. SAFE KEEPING, INC. d/b/a SAFE KEEPING DEPOSITORY, INC. ("SAFE  
22 KEEPING") is a Nevada corporation whose last known business addresses are 2533 North  
23 Carson Street, Carson City, Nevada 89706, and 11811 N. Tatum Blvd., Suite 3031-61, Phoenix,  
24 Arizona 85088.

25 6. STEVEN L. SHOOK ("SHOOK"), whose last known address is 9590 East Kalil,  
26 Scottsdale, Arizona 85260, is a principal and controlling person of SAFE KEEPING.

1           7.       Beginning in or around May 1997 and continuing to March 1998, BUCKHORN  
2 issued "joint business ventures" for profit, in which the principal investment and monthly profit  
3 distributions are to be secured or warranted by liens against certificates of deposit ("CDs")  
4 owned or controlled by SHOOK at a Mexican Bank, also known as a Credit Union or Auxiliary  
5 Bank.

6           8.       Pursuant to the Joint Venture ("JV") Agreements issued by BUCKHORN, "JV  
7 Partners" "contributed" capital to participate with BUCKHORN "in lower risk business  
8 development and assistance programs (also known as Short Term Funding Programs) for their  
9 mutual profit and gain."

10          9.       Beginning in or around May 1997 and continuing to March 1998, the SHOOK  
11 RESPONDENTS issued "Warranties" and "Liens" to JV Partners, for the stated purpose of  
12 securing their principal investment and monthly profit distributions with "CDs" purportedly  
13 belonging to BUCKHORN.

14          10.      Under the venture contracts, SAFE KEEPING, purporting to be an "independent  
15 party," was responsible for holding the CDs which insured the JV Partners' principal and profits  
16 against risk of loss. In around September 1997, the CDs were replaced without BUCKHORN's  
17 knowledge or consent by a promissory note issued by the same credit union that issued the CDs,  
18 purportedly a credit union or auxiliary bank licensed by the Banking Commission of Mexico  
19 ("Bank").

20          11.      The JV Agreement states among other things that BUCKHORN manages the  
21 ventures by providing JV Partners' funds "at its sole discretion and judgment, . . . for the capital  
22 needed by certain new and ongoing businesses for development, expansion, enhancement and  
23 other temporary/short term cash flow needs."

24          12.      The investment program is offered and sold among other things as an  
25 "unsolicited" private offering, promoted as an investment appropriate for the "little guy," through  
26 word of mouth and church affiliations, by sales agents in several states who are paid sales

1 commissions.

2 13. The JV Agreement has a twelve-month term, which can terminate in a shorter  
3 period "if all the terms and conditions are fulfilled earlier" or if BUCKHORN "at its sole  
4 discretion and with cause" chooses to terminate the JV at any time during the term of the JV  
5 Agreement, and which can be renewed by the JV Partners.

6 14. BUCKHORN, as Joint Venture Manager ("VM"), purportedly contributes its  
7 "unique business relationships" that it has developed and its "expertise and opportunities," "in  
8 the general business community nationwide" in conjunction with the capital contributions of the  
9 JV Partner, who is referred to as the Venture Partner ("VP"), "to realize profits and gain."

10 15. The minimum investment is \$2,000, payable in cashier's checks or money orders,  
11 and made out to BUCKHORN FINANCIAL SERVICES, INC. Any contributions greater than  
12 this minimum "contribution" must be in increments of no less than \$500.

13 16. The CDs that purportedly secure the JV Partners' funds are represented to be  
14 "cash backed, bonded and insured by a AAA-rated insurance company" and placed into a  
15 purported "safe-keeping account."

16 17. SAFE KEEPING is the purported "safe-keeping agent" for the CDs. Under the  
17 JV Agreement, for the safe-keeping service, JV Partners agree to pay "a safe-keeping fee of one  
18 (1%) percent per month of the contribution amount, which shall be borne entirely out of JV  
19 Partners' profits earned each month."

20 18. For the safe-keeping service and as payment to SHOOK for his CDs, later  
21 purportedly replaced by SHOOK's promissory note, BUCKHORN agreed to pay SHOOK fees in  
22 addition to those indicated in paragraph 17 above, of one percent (1%) of the contribution  
23 amount per month.

24 19. An insurance fee was paid by BUCKHORN to SHOOK in addition to those  
25 indicated in paragraphs 17 and 18 above, each month in the sum of 1% of the future anticipated  
26 10% per month profits to be earned on the invested funds of the JV Partners, or the sum of

1 \$1,200 per month on each \$100,000 of JV Partner invested funds.

2 20. JV Partners' funds are purportedly initially placed into an account for safe-  
3 keeping in exchange for the Warranty, signed by both BUCKHORN and SAFE KEEPING  
4 RESPONDENTS.

5 21. The Warranty represents that fifty million U.S. dollars (\$50,000,000) of insured  
6 and bonded CDs belonging to BUCKHORN have been placed, under BUCKHORN's name, in  
7 an account with SAFE KEEPING. The purported purpose of this account is to guarantee the JV  
8 Partners' principal and monthly distributions from default of payments under the terms of the JV  
9 Agreements. The JV Agreement provides, in part:

10 Specific instructions to the safe-keeping agent require that VM's failure to return  
11 VP's contribution or pay their share of profits under the terms of this agreement,  
12 then (sic) the CDs shall be immediately converted to cash to satisfy these  
13 payments. In addition, VM guarantees that VP will receive the profits set forth  
14 herein. It is the intent of all parties that this guarantee secure VP against any loss  
15 of all or part of the contribution, and for any failure to receive its profits.

16 22. BUCKHORN guaranteed that the JV Partner "shall earn profits of 3% per month  
17 for contributions of less than \$50,000, or 4% per month for contributions of \$50,000 or more.  
18 These profits, less the aforementioned 1% safe-keeping fee, will be paid to the JV Partner by  
19 check issued each month for the length of the contract." The first payment is to be made during  
20 the first week of the second month of the term of the agreement.

21 23. BUCKHORN was to receive all the profits, if any, not paid to the JV Partners or  
22 SAFE KEEPING or the referral agents or to SHOOK.

23 24. Under the Warranty, SAFE KEEPING was to maintain a two to one ratio of CDs  
24 to the total deposits made by JV Partners in addition to the future anticipated 10% per month  
25 profits referred to in paragraph 19 above.

26 25. SAFE KEEPING issued a Lien on behalf of each JV Partner's interest against the  
CDs for the amount of the JV Partner's principal investment and anticipated profit, to secure  
against any loss whatsoever from the investment in the JV.

26 26. The CDs held by SAFE KEEPING, and said to belong to BUCKHORN, are

1 issued by the said Union De Credito, and said CDs were replaced without BUCKHORN's  
2 knowledge or consent on or about September 4, 1997, by a Promissory Note payable to SHOOK.

3       27. Beginning in May 1997, BUCKHORN RESPONDENTS deposited JV Partner  
4 funds into a separate bank account in the name of BUCKHORN OF ARIZONA in Scottsdale,  
5 Arizona, as to which account SHOOK and Ben Rutan were the sole signatories, and paid  
6 distributions out of that account to JV Partners from several states in the purported joint business  
7 venture program.

8       28. Beginning in January 1998, BUCKHORN RESPONDENTS deposited JV Partner  
9 funds into an account in the name of BUCKHORN FINANCIAL SERVICES, INC in Scottsdale,  
10 Arizona, as to which HILYARD and Ben Rutan were the sole signatories and paid distributions out  
11 of that account to JV Partners from several states in the purported joint business venture program.

12       29. RESPONDENTS used little or no JV Partner funds to provide capital to new and  
13 ongoing businesses for development, expansion, enhancement and other temporary/short term cash  
14 flow needs, as described in the JV Agreements, and have received little or no profits from any such  
15 business development and assistance programs.

16       30. RESPONDENTS have been collecting JV Partner funds and utilizing them to pay  
17 JV Partners returns on their investments, to pay expenses including commissions to sales agents  
18 and the fees to SAFE KEEPING, and payments to SHOOK.

19       31. In connection with the offers and sales of securities within and/or from Arizona,  
20 RESPONDENTS directly or indirectly: (i) made untrue statements of material facts or omitted to  
21 state material facts which were necessary in order to make the statements made not misleading in  
22 light of the circumstances under which they were made; and (ii) engaged in transactions, practices  
23 or courses of business which operated or would operate as a fraud or deceit upon offerees and JV  
24 Partners. RESPONDENTS' conduct includes, but is not limited to, the following:

25           A. RESPONDENTS used JV Partner funds to pay distributions to JV  
26 Partners.

- 1 B RESPONDENTS failed to fully disclose the use of JV Partner funds
- 2 C. RESPONDENTS failed to fully disclose financial information about the
- 3 RESPONDENTS and their business operations.
- 4 D RESPONDENTS failed to fully disclose the risks associated with investing
- 5 in the purported joint business venture issued by the RESPONDENTS.
- 6 E. RESPONDENTS failed to disclose that the certificates of deposit securing
- 7 the JV Partners' funds were issued by a Mexican credit union and were not
- 8 issued by any national bank or bank or credit or loan association
- 9 supervised by any agency of the United States or any state or the District
- 10 of Columbia.
- 11 F. RESPONDENTS failed to disclose that the certificates of deposit securing
- 12 the JV Partners' funds were subsequently replaced by a promissory note
- 13 made payable to SHOOK issued by the same Mexican credit union or
- 14 auxiliary bank that issued the CDs.

15 III.

16 CONCLUSIONS OF LAW

- 17 1. The Commission has jurisdiction over this matter pursuant to the Act, A.R.S. § 44-
- 18 1801 et seq., and to Article XV of the Arizona Constitution.
- 19 2. The Joint Venture Agreements, Warranties and Liens constitute securities in the form
- 20 of investment contracts and evidences of indebtedness.
- 21 3. The BUCKHORN RESPONDENTS offered and sold these securities within or from
- 22 the state of Arizona.
- 23 4. The securities referred to above were not registered under A.R.S. §§ 44-1871
- 24 through 44-1875; 44-1891 through 44-1900 or 44-1902; were not exempt securities under A.R.S. §
- 25 44-1843 or § 44-1843.01; were not offered or sold in exempt transactions under A.R.S. § 44-1844 and
- 26 were not securities exempt under any rule or order promulgated by the Commission.

5. The conduct above violates A.R.S. § 44-1841.

6. In offering and selling the securities, BUCKHORN RESPONDENTS violated A.R.S. § 44-1842 by acting as a dealer without being registered in Arizona under Article 9 of the Act.

7. The conduct described in paragraphs 31 above violates A.R.S. § 44-1991.

#### IV.

#### ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following Order is appropriate, in the public interest and necessary for the protection of JV Partners:

IT IS ORDERED, pursuant to A.R.S. § 44-2032(1), that the BUCKHORN RESPONDENTS, their agents, servants, employees, successors, assigns and those persons in active concert or participation with them CEASE AND DESIST from the following and any other violations of the Act:

1. Offering to sell or selling investment contracts, evidences of indebtedness, and/or certificates of interest or participation in profit sharing agreements as described herein, or offering to sell or selling any other securities within or from the State of Arizona unless the securities are registered with the Commission pursuant to Article 6 or 7 of the Act;

2. Offering to sell or selling securities within or from the State of Arizona unless prior registration as a dealer or salesman is obtained under Article 9 of the Act;

3. Directly or indirectly making untrue statements of material fact and omitting to state material facts which are necessary in order to make the statements made not misleading in light of the circumstances under which they are made, and engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon offerees and investors in the offer to sell or sale of securities within or from the State of Arizona, all within the meaning of A.R.S. § 44-1991.

IT IS FURTHER ORDERED that the BUCKHORN RESPONDENTS fully cooperate in providing the Director of the Securities Division ("Division") an accounting within 15 days of



1 entry of this Order, in a format acceptable to the Division utilizing documents and information  
2 reasonably available to the Division, and copies of documentation reasonably available to the  
3 BUCKHORN RESPONDENTS, arising out of or in connection with any Findings of Fact or  
4 Conclusions of Law herein, whether manually or electronically prepared, of transactions that  
5 have occurred through bank accounts of the BUCKHORN RESPONDENTS and other persons or  
6 entities under the BUCKHORN RESPONDENTS' control, including but not limited to all books  
7 of original entry, general ledgers, general journals, cash receipts and disbursement journals, any  
8 subsidiary ledgers, spreadsheets, JV Partner listings, lien and/or note listings, all financial  
9 statements or other reports whether audited or unaudited with accompanying footnotes and  
10 auditors' reports, bank statements, canceled checks, deposits (and corresponding offsets) and any  
11 other supporting bank advices.

12 IT IS FURTHER ORDERED that that the BUCKHORN RESPONDENTS are required to  
13 provide affirmative disclosure of the pendency of this action to all JV Partners within thirty (30)  
14 days of the entry of this Order.

15 IT IS FURTHER ORDERED that the Commission shall retain jurisdiction in this matter to  
16 investigate the activities of the BUCKHORN RESPONDENTS pursuant to A.R.S. § 44-1822 to  
17 address issues relating to restitution in accordance with A.R.S. § 44-2032. However, in no event  
18 shall the total amount of restitution to JV Partners to be paid by the BUCKHORN  
19 RESPONDENTS exceed the amount of \$11,906,194.72.

20 IT IS FURTHER ORDERED that the Commission shall retain jurisdiction in this matter to  
21 investigate the activities of the BUCKHORN RESPONDENTS pursuant to A.R.S. § 44-1822 to  
22 address issues relating to penalties to be assessed in accordance with A.R.S. § 44-2036, not to  
23 exceed, however, the cost of the investigation of this matter for all BUCKHORN  
24 RESPONDENTS, and other appropriate affirmative actions permitted pursuant to A.R.S. Title 44,

25 ...

26 ...

Chapter 12, Articles 1-19 inclusive, pending a final accounting of customer funds and resolution of customer claims.

IT IS FURTHER ORDERED that this Order shall become effective immediately upon the date set forth below.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

  
COMMISSIONER-CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 26th day of August, 1998.

  
JACK ROSE  
EXECUTIVE SECRETARY

\_\_\_\_\_  
DISSENT  
(PTJ)

**CONSENT TO ENTRY OF ORDER BY THE CORPORATION COMMISSION**

1       **RESPONDENT BUCKHORN FINANCIAL SERVICES, INC ("BUCKHORN")**  
2       acknowledges that it has been fully advised of its right to a hearing to present evidence and call  
3       witnesses. BUCKHORN waives all hearing procedures and rights to appeal provided by the  
4       Securities Act of Arizona (the "Act") with respect to the accompanying Order to Cease and Desist and  
5       for Other Relief ("the Order").

6       BUCKHORN understands that waiving its right to appeal this Order and Consent does not  
7       limit its right to appeal any future Order in this matter.

8       BUCKHORN admits the jurisdiction of the Arizona Corporation Commission  
9       ("Commission") with respect to matters set forth in the Order and this Consent to Entry of the Order  
10      ("Consent").

11      BUCKHORN neither admits nor denies the Findings of Fact and Conclusions of Law  
12      contained in the Order and consents to entry of the Order.

13      BUCKHORN declares that its entry into this Consent is a voluntary act and that it was not  
14      induced to enter into it by coercion nor by any promise by the Commission not expressly stated in the  
15      Order or this Consent.

16      BUCKHORN understands that neither it nor any of its agents or employees acting under its  
17      authority or control shall take any action or make any public statement denying, directly or  
18      indirectly, any Finding of Fact or Conclusion of Law as set forth in this Order now or at any time  
19      in the future.

20      BUCKHORN agrees to make payment to JV Partners in an amount to be determined pursuant  
21      to an accounting to be conducted jointly between the Division and the BUCKHORN  
22      RESPONDENTS, but in no event to exceed the sum of eleven million, nine hundred and six  
23      thousand, one hundred and ninety-four dollars and seventy-two cents (\$11,906,194.72), as  
24      represented in documents produced to the Division by BUCKHORN RESPONDENTS, plus 10%  
25      simple interest from the date of the investment, to be reduced by any distribution payments made to  
26      date.

1 BUCKHORN agrees to provide affirmative disclosure of the pendency of this action to all  
2 JV Partners within thirty (30) days of the entry of this Order.

3 BUCKHORN consents not to apply for registration as a securities dealer under the Securities  
4 Act of Arizona or as an investment adviser under the Arizona Investment Management Act.

5 BUCKHORN understands that this Consent does not preclude any other agency or officer of  
6 the State of Arizona or its subdivisions from initiating other civil or criminal proceedings against  
7 BUCKHORN, now or in the future, that may be related to the matters addressed by the Order and this  
8 Consent.

9 BUCKHORN further understands that if another agency or officer of this or another state or  
10 the federal government or any foreign jurisdiction requests investigative or other information from the  
11 Commission relating to this matter, the Commission shall cooperate fully with such requests.  
12 However, this Order is intended to resolve all issues between the Arizona Corporation Commission  
13 and BUCKHORN relating to liability for the allegations contained in the Notice in this matter or  
14 applicable to the Findings of Fact and Conclusions of Law.

15 BUCKHORN understands that the Commission retains jurisdiction in this administrative  
16 proceeding solely to address issues relating to restitution in accordance with A.R.S. § 44-2032 and  
17 penalties in accordance with A.R.S. § 44-2036.

18 BUCKHORN understands that this Consent does not preclude the Commission from  
19 instituting other administrative, civil, or criminal proceedings, now or in the future, based upon  
20 material misrepresentations or omissions by BUCKHORN relating to this Order or matters which  
21 are not covered by the Order.

22 ...

23 ...

24 ...

25 ...

26 ...

1 JOSEPH K. HILYARD represents that he is President of BUCKHORN FINANCIAL  
2 SERVICES, INC. and has been authorized by BUCKHORN FINANCIAL SERVICES, INC. to  
3 enter into this Consent to Entry of Order for and on behalf of BUCKHORN FINANCIAL  
4 SERVICES, INC.

5 BUCKHORN FINANCIAL SERVICES,  
6 INC., a Nevada Corporation

7 BY: [Signature]  
8 JOSEPH K. HILYARD

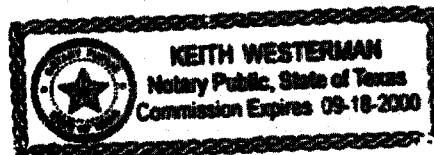
9 TITLE: President

10 SUBSCRIBED AND SWORN TO BEFORE me this 3<sup>rd</sup> day of August, 1998.

11  
12 [Signature]  
13 NOTARY PUBLIC

14 My Commission Expires:

15 18 Sep 2000  
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**CONSENT TO ENTRY OF ORDER BY THE CORPORATION COMMISSION**

RESPONDENT JOSEPH K. HILYARD ("HILYARD") acknowledges that he has been fully advised of his right to a hearing to present evidence and call witnesses. HILYARD waives all hearing procedures and rights to appeal provided by the Securities Act of Arizona (the "Act") with respect to the accompanying Order to Cease and Desist and for Other Relief ("the Order").

HILYARD understands that waiving his right to appeal this Order and Consent does not limit his right to appeal any future Order in this matter.

HILYARD admits the jurisdiction of the Arizona Corporation Commission ("Commission") with respect to matters set forth in the Order and this Consent to Entry of the Order ("Consent").

HILYARD neither admits nor denies the Findings of Fact and Conclusions of Law contained in the Order and consents to entry of the Order.

HILYARD declares that his entry into this Consent is a voluntary act and that he was not induced to enter into it by coercion nor by any promise by the Commission not expressly stated in the Order or this Consent.

HILYARD understands that neither he nor any of his agents or employees acting under his authority or control shall take any action or make any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law as set forth in this Order now or at any time in the future.

HILYARD agrees to make payment to JV Partners in an amount to be determined pursuant to an accounting to be conducted jointly between the Division and the BUCKHORN RESPONDENTS, but in no event to exceed the sum of eleven million, nine hundred and six thousand, one hundred and ninety-four dollars and seventy-two cents (\$11,906,194.72), as represented in documents produced to the Division by BUCKHORN RESPONDENTS, plus 10% simple interest from the date of the investment, to be reduced by any distribution payments made to date.

HILYARD agrees to provide affirmative disclosure of the pendency of this action to all JV Partners within thirty (30) days of the entry of this Order.

HILYARD consents not to apply for registration as a securities dealer or salesman under the

Securities Act of Arizona or as an investment adviser or investment adviser representative under the Arizona Investment Management Act.

HILYARD understands that this Consent does not preclude any other agency or officer of the State of Arizona or its subdivisions from initiating other civil or criminal proceedings against HILYARD, now or in the future, that may be related to the matters addressed by the Order and this Consent.

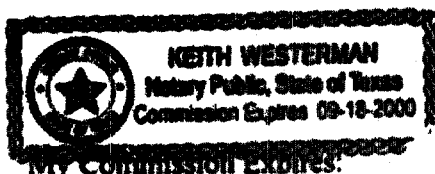
HILYARD further understands that if another agency or officer of this or another state or the federal government or any foreign jurisdiction requests investigative or other information from the Commission relating to this matter, the Commission shall cooperate fully with such requests. However, this Order is intended to resolve all issues between the Arizona Corporation Commission and HILYARD relating to liability for the allegations contained in the Notice in this matter or applicable to the Findings of Fact and Conclusions of Law.

HILYARD understands that the Commission retains jurisdiction in this administrative proceeding solely to address issues relating to restitution in accordance with A.R.S. § 44-2032 and penalties in accordance with A.R.S. § 44-2036.

HILYARD understands that this Consent does not preclude the Commission from instituting other administrative, civil, or criminal proceedings, now or in the future, based upon material misrepresentations or omissions by HILYARD or BUCKHORN FINANCIAL SERVICES, INC. relating to this Order or matters which are not covered by the Order.

  
JOSEPH K. HILYARD

SUBSCRIBED AND SWORN TO BEFORE me this 3<sup>rd</sup> day of August, 1998.



My Commission Expires:

18 Sep. 2000

  
NOTARY PUBLIC

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CONSENT TO ENTRY OF ORDER BY THE CORPORATION COMMISSION

RESPONDENT MICHAEL LEE MATHIS ("MATHIS") acknowledges that he has been fully advised of his right to a hearing to present evidence and call witnesses. MATHIS waives all hearing procedures and rights to appeal provided by the Securities Act of Arizona (the "Act") with respect to the accompanying Order to Cease and Desist and for Other Relief ("the Order").

MATHIS understands that waiving his right to appeal this Order and Consent does not limit his right to appeal any future Order in this matter.

MATHIS admits the jurisdiction of the Arizona Corporation Commission ("Commission") with respect to matters set forth in the Order and this Consent to Entry of the Order ("Consent").

MATHIS neither admits nor denies the Findings of Fact and Conclusions of Law contained in the Order and consents to entry of the Order.

MATHIS declares that his entry into this Consent is a voluntary act and that he was not induced to enter into it by coercion nor by any promise by the Commission not expressly stated in the Order or this Consent.

MATHIS understands that neither he nor any of his agents or employees acting under his authority or control shall take any action or make any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law as set forth in this Order now or at any time in the future.

MATHIS agrees to make payment to JV Partners in an amount to be determined pursuant to an accounting to be conducted jointly between the Division and the BUCKHORN RESPONDENTS, but in no event to exceed the sum of eleven million, nine hundred and six thousand, one hundred and ninety-four dollars and seventy-two cents (\$11,906,194.72), as represented in documents produced to the Division by BUCKHORN RESPONDENTS, plus 10% simple interest from the date of the investment, to be reduced by any distribution payments made to date.

MATHIS agrees to provide affirmative disclosure of the pendency of this action to all JV Partners within thirty (30) days of the entry of this Order.

MATHIS consents not to apply for registration as a securities dealer or salesman under the



Securities Act of Arizona or as an investment adviser or investment adviser representative under the Arizona Investment Management Act.

MATHIS understands that this Consent does not preclude any other agency or officer of the State of Arizona or its subdivisions from initiating other civil or criminal proceedings against MATHIS, now or in the future, that may be related to the matters addressed by the Order and this Consent.

MATHIS further understands that if another agency or officer of this or another state or the federal government or any foreign jurisdiction requests investigative or other information from the Commission relating to this matter, the Commission shall cooperate fully with such requests. However, this Order is intended to resolve all issues between the Arizona Corporation Commission and MATHIS relating to liability for the allegations contained in the Notice in this matter or applicable to the Findings of Fact and Conclusions of Law.

MATHIS understands that the Commission retains jurisdiction in this administrative proceeding solely to address issues relating to restitution in accordance with A.R.S. § 44-2032 and penalties in accordance with A.R.S. § 44-2036.

MATHIS understands that this Consent does not preclude the Commission from instituting other administrative, civil, or criminal proceedings, now or in the future, based upon material misrepresentations or omissions by MATHIS or BUCKHORN FINANCIAL SERVICES, INC. relating to this Order or matters which are not covered by the Order.

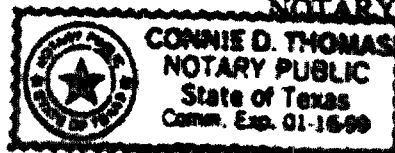
Michael L. Mathis  
MICHAEL LEE MATHIS

SUBSCRIBED AND SWORN TO BEFORE me this 17 day of 12-17 98, 1998.

Connie D. Thomas  
NOTARY PUBLIC

My Commission Expires:

1-16-99



Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

Complete items 1 and/or 2 for additional services.  
 Complete items 3, 4a, and 4b.  
 Print your name and address on the reverse of this form so that we can return the card to you.

Attach this form to the front of the mailpiece, or on the back if space does not permit.

Write "Return Receipt Requested" on the mailpiece below the article number.

The Return Receipt will show to whom the article was delivered and the date delivered.

5-03733A-98-0000  
 DEC # 001051

**3. Article Addressed to:**

Michael V. Black  
 3550 N. Central Ave. Ste. 1010  
 Phoenix, AZ 85012

**4a. Article Number**

018181002

**4b. Service Type**

☐ Registered ☒ Certified  
☐ Express Mail ☐ Insured  
☐ Return Receipt for Merchandise ☐ COD  
**7. Date of Delivery**

**5. Received By: (Print Name)**

*Michael V. Black*

**6. Signature: (Addressee or Agent)**

X

**8. Addressee's Address (Only if requested and fee is paid)**

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

**Domestic Return Receipt**

PS Form 3800, April 1995

P 618 186 062

US Postal Service

**Receipt for Certified Mail**

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to Michael Black  
 Street & Number 3550 N. Central  
 Post Office, State, & ZIP Phoenix, AZ

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

Michael V. Black  
 3550 N. Central Ave. Ste. 1010  
 Phoenix, AZ 85012

Is your RETURN ADDRESS completed on the reverse side?

5-032334-98-0000

**SENDER:**  
 Complete items 1 and 2 for additional services.  
 Complete items 3, 4a, and 4b.  
 Print your name and address on the reverse of this form so that we can return the card to you.  
 Attach this form to the front of the envelope, or on the back if space does not permit.  
 Return Receipt Requester: on the envelope below the article number.  
 The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

John M. Blischak  
 Attorney at Law  
 1100 E. Washington  
 Phoenix, AZ 85034-1045

5. Received By: (Print Name)

6. Signature (Signature or Agent)  
 X *[Signature]*  
 PS Form 3800, April 1991

4a. Article Number  
 D708181998

4b. Service Type  
☐ Registered  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ COD

7. Date of Delivery  
 12-3-98

8. Addressee's Address (Only if requested and fee is paid)

1. ☐ Addresser's Address  
 2. ☐ Restricted Delivery  
 Consult postmaster for fee.

1 also wish to receive the following services (for an extra fee):

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 618 181 998

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

1. ☐ Addresser's Address  
 2. ☐ Restricted Delivery  
 Consult postmaster for fee.

1 also wish to receive the following services (for an extra fee):

John M. Blischak  
 Attorney at Law  
 1100 E. Washington, Ste. 200  
 Phoenix, AZ 85034-1045

2. Signature (Signature or Agent)  
 X *[Signature]*  
 PS Form 3800, April 1991

3. Article Addressed to:

Burton M. Bentley  
 7878 N. 16th St. Ste 110  
 Phoenix, AZ 85020

5. Received By: (Print Name)

6. Signature (Signature or Agent)  
 X *[Signature]*  
 PS Form 3800, April 1991

4a. Article Number  
 D708181999

4b. Service Type  
☐ Registered  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ COD

7. Date of Delivery  
 12-1-98

8. Addressee's Address (Only if requested and fee is paid)

1. ☐ Addresser's Address  
 2. ☐ Restricted Delivery  
 Consult postmaster for fee.

1 also wish to receive the following services (for an extra fee):

Postage \$  
 Certified Fee \$  
 Special Delivery Fee \$  
 Restricted Delivery Fee \$  
 Return Receipt Showing to Whom & Date Delivered \$  
 Return Receipt Showing to Whom, Date, & Addressee's Address \$  
 TOTAL Postage & Fees \$  
 Postmark or Date

Is your RETURN ADDRESS completed on the reverse side?

5-032334-98-0000

**SENDER:**  
 Complete items 1 and 2 for additional services.  
 Complete items 3, 4a, and 4b.  
 Print your name and address on the reverse of this form so that we can return the card to you.  
 Attach this form to the front of the envelope, or on the back if space does not permit.  
 Return Receipt Requester: on the envelope below the article number.  
 The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Burton M. Bentley  
 7878 N. 16th St. Ste 110  
 Phoenix, AZ 85020

5. Received By: (Print Name)

6. Signature (Signature or Agent)  
 X *[Signature]*  
 PS Form 3800, April 1991

4a. Article Number  
 D708181999

4b. Service Type  
☐ Registered  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ COD

7. Date of Delivery  
 12-1-98

8. Addressee's Address (Only if requested and fee is paid)

1. ☐ Addresser's Address  
 2. ☐ Restricted Delivery  
 Consult postmaster for fee.

1 also wish to receive the following services (for an extra fee):

Domestic Return Receipt

Thank you for using Return Receipt Service.

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

1. ☐ Addresser's Address  
 2. ☐ Restricted Delivery  
 Consult postmaster for fee.

1 also wish to receive the following services (for an extra fee):

Burton Bentley  
 7878 N. 16th St.  
 Phoenix, AZ

2. Signature (Signature or Agent)  
 X *[Signature]*  
 PS Form 3800, April 1991

3. Article Addressed to:

Burton M. Bentley  
 7878 N. 16th St. Ste. 110  
 Phoenix, AZ 85020

5. Received By: (Print Name)

6. Signature (Signature or Agent)  
 X *[Signature]*  
 PS Form 3800, April 1991

4a. Article Number  
 D708181999

4b. Service Type  
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☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ COD

7. Date of Delivery  
 12-1-98

8. Addressee's Address (Only if requested and fee is paid)

1. ☐ Addresser's Address  
 2. ☐ Restricted Delivery  
 Consult postmaster for fee.

1 also wish to receive the following services (for an extra fee):

Postage \$  
 Certified Fee \$  
 Special Delivery Fee \$  
 Restricted Delivery Fee \$  
 Return Receipt Showing to Whom & Date Delivered \$  
 Return Receipt Showing to Whom, Date, & Addressee's Address \$  
 TOTAL Postage & Fees \$  
 Postmark or Date